

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1940 - SB 2047

March 29, 2011

SUMMARY OF BILL: Prohibits an insurance company from setting rates based upon the zip code of the applicant's place of residence or employment.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$84,000/One-Time

Increase State Expenditures - \$84,000/One-Time

Assumptions:

- According to the Department of Commerce and Insurance (TDCI), the Department estimates that nearly every insurance company writing property and casualty insurance policies in Tennessee will file revised rating plans.
- According to TDCI, currently there are approximately 800 insurance companies that will file revised rating plans. TDCI estimates at least three insurance programs per company will require revision, resulting in 2,400 (800 companies x 3 filings) additional filings of which half will require actuarial review. Therefore, TDCI will review 1,200 (2,400 filings x 50%) additional rate filings.
- According to TDCI, the volume of rating plan filings upon enactment of the bill will approximate the volume currently received and reviewed by the Department over a six-month period of time.
- TDCI will employ four temporary actuarial reviewers at the current contract rate of \$7,000 per month for three months resulting in a one-time increase in state expenditures of \$84,000 (\$7,000 per month x 4 reviewers x 3 months).
- TDCI anticipates an average \$70 fee for each filing resulting in a one-time increase in state revenue of \$84,000 (\$70 filing fee x 1,200 filings).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/sbh